

## Message Text

CONFIDENTIAL

PAGE 01 USUN N 03429 01 OF 02 260357Z

12

ACTION IO-14

INFO OCT-01 ISO-00 ABF-01 OMB-01 TRSE-00 AID-20 AF-10

ARA-16 EA-11 EUR-25 NEA-14 RSC-01 CIAE-00 DODE-00

PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 PRS-01

SP-03 SS-20 USIA-15 ACDA-19 DRC-01 /208 W

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TO SECSTATE WASHDC 5676

C O N F I D E N T I A L SECTION 1 OF 2 USUN 3429

E.O. 11652: GDS

TAGS: PFOR, UN, AORG

SUBJ: UNEF/UNDOF FINANCING

REF: A. USUN 3312; B. USUN 3022; C. STATE 178758 D. USUN 2767

SUMMARY: USYG DAVIDSON INFORMED MISOFF THAT UNEF TROOP CONTRIBUTORS SOUGHT FLAT REIMBURSEMENT RATE OF \$500 PER MAN PER MONTH WHILE SYG SUGGESTED MAXIMUM FLAT RATE OF \$400 PER MAN PER MONTH PLUS \$100 FOR TECHNICIANS. BASED ON \$500 REIMBURSEMENT RATE, COST OF UNEF FORCE FOR FIRST YEAR WOULD BE \$86 MILLION REQUIRING SIGNIFICANT SUPPLEMENTAL APPROPRIATION. DAVIDSON ALSO NOTED THAT SOME LDCS MIGHT SEEK NEW ASSESSMENT SCALE REQUIRING PERMANENT MEMBERS AND DCS TO PICK UP INCREASED COSTS. HE SUGGESTED IT MIGHT BE POSSIBLE TO ARRANGE DEAL WITH TROOP CONTRIBUTORS WHEREBY WE WOULD SUPPORT HIGHER REIMBURSEMENT FORMULA IN TURN FOR NO CHANGE IN ASSESSMENT FORMULA. END SUMMARY

1. USYG DAVIDSON AT DIRECTION OF SYG (REFTEL B) MET WITH MISOFF TO GO OVER IN DETAIL ALL ASPECTS OF UNEF FINANCING AND IN PARTICULAR QUESTION OF TROOP REIMBURSEMENT FORMULA. HE PROVIDED BACKGROUND ON DEVELOPMENTS SINCE LAST CONFIDENTIAL

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PAGE 02 USUN N 03429 01 OF 02 260357Z

UNGA (PREVIOUSLY REPORTED BY USUN) AND DESCRIBED DETAILS

OF LAST MEETING OF TROOP CONTRIBUTORS ON SEPTEMBER 17  
WITH SYG AT WHICH AMBASSADOR KARHILO (FINLAND) ACTED  
AS SPOKESMAN.

2. TROOP CONTRIBUTORS MEETING OPENED WITH DAVIDSON BRIEFING  
AFTER WHICH KARHILO SET FORTH POSITION OF TROOP CON-  
TRIBUTORS AS FOLLOWS:

- ALL AGREED ON A FLAT REIMBURSEMENT RATE FO \$500 PER  
MAN PER MONTH;

B. PARTICIPANTS NEED MORE INFO AND IN ABSENCE OF THIS COULD  
TAKE NO POSITION REGARDING A SUPPLEMENTARY "TECHNICIAN"  
PAYMENT;

C. FORMULA WOULD BE SUBJECT TO PERIODIC REVIEW IF UNEF/  
UNDOF CONTINUED;

D. TROOP CONTRIBUTORS WOULD EXPECT TO MEET PERIODICALLY  
WITH SYG.

3. SYG RESPONDED BY EXPRESSING CONCERN OVER \$500 RATE  
ALTHOUGH HE DID NOT REJECT IT OUTRIGHT. HE SAID THAT SUCH  
A RATE WOULD INCREASE FIRST YEAR COSTS OF FORCE BY ABOUT  
\$26 MILLION WHICH WAS NEARLY 50 PERCENT OVER ORIGINAL  
APPROVED "APPROPRIATION" OF \$60 MILLION. HE ADDED THAT HE  
HAD TO TAKE INTO ACCOUNT BUDGETARY PROBLEMS AND WILLINGNESS  
OF MEMBER STATES TO MEET ADDITIONAL COSTS. SYG SUGGESTED  
MAXIMUM FLAT RATE OF \$400 PER MAN PER MONTH PLUS \$100 PER  
MAN PER MONTH FOR TECHNICIANS. ACCORDING TO DAVIDSON THERE  
WAS NO POSITIVE RESPONSE TO SYG'S PROPOSAL. PANAMA REP  
(BOYD) SUPPORTED A \$500/\$100 RATE EVEN IF THIS MEANT  
INCREASING FORCE COSTS BY \$28 MILLION. POLISH REP SAID  
HE MIGHT BE ABLE TO ACCEPT \$500 RATE EVEN THOUGH ACTUAL  
COSTS WERE HIGHER (\$732 PER MAN PER MONTH ACCORDING TO  
DAVIDSON). CONTRARY TO ASSERTION BY PERUVIAN FOREIGN  
MINISTER LA FLOR REPORTED REFTEL (A), DAVIDSON SAID SYG  
DID NOT AGREE TO \$500 RATE. ON CONTRARY, DAVIDSON SAID  
MAXIMUM POSITION OF SYG WOULD BE FOR RATE OF \$400/\$100.  
SYG INTENDS TO STICK TO THIS POSITION SINCE HE BELIEVES  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 USUN N 03429 01 OF 02 260357Z

THAT TO DO OTHERWISE WOULD BE IRRESPONSIBLE OF HIM  
AND HE HAS TO TAKE INTO ACCOUNT VIEWS OF MAJOR CONTRIBUTORS.  
DAVIDSON IMPLIED THAT POSITION OF SYG HAD CHANGED SINCE  
DEMARCHE BY AMBASSADOR SCALI, REPORTED REFTEL (B), SYG  
INTENDS THEREFORE TO PUT FORWARD A FORMULA ALONG LINES  
WHICH HE BELIEVES HE COULD DEFEND BUT RECOGNIZES THAT  
TROOP CONTRIBUTORS, ESPECIALLY LDCS, COULD IF THEY WISH  
MUSTER NECESSARY MAJORITY IN SUPPORT OF \$500 OR HIGHER

RATE. DAVIDSON SAID THAT IF THIS IS DONE MEMBERS WILL HAVE TO MAKE CASE ON THEIR OWN AND SYG WILL NOT PROVIDE ANY SUPPORT.

4. REGARDING STATUS OF UNEF/UNDOF ACCOUNT, DAVIDSON SAID THAT UNSECT EXPECTED NO MORE THAN \$56 MILLION TO BE COLLECTED BECAUSE OF WITHHOLDINGS BY PRC AND OTHERS. OPERATING COSTS OF FORCE FOR RATIONS, DAILY ALLOWANCES, ETC. WILL BE \$43 MILLION FOR FIRST YEAR, LEAVING ONLY \$13 MILLION TO PAY TROOP CONTRIBUTORS FOR EXTRA AND EXTRAORDINARY COSTS. TOKEN PAYMENT OF \$5.4 MILLION FOR 31,000 MEN MONTHS AT \$175 PER MAN MONTH HAS BEEN MADE FROM \$13 MILLION BALANCE. SECRETARIAT DOES NOT INTEND TO MAKE ANY ADDITIONAL PAYMENTS UNTIL GENERAL ASSEMBLY ACTS ON UNEF/UNDOF FINANCING QUESTION EVEN THOUGH THEY ARE UNDER PRESSURE FROM LDCS TO DO SO. DAVIDSON SAID THAT, IF \$500 REIMBURSEMENT RATE ACCEPTED FIRST YEAR COSTS OF FORCE WOULD INCREASE FROM \$60 MILLION APPROPRIATED TO \$86 MILLION AND WOULD REQUIRE \$26 MILLION SUPPLEMENTAL APPROVAL AT THIS GA. BASED ON \$350/\$150 RATE, ADDITIONAL COSTS WOULD BE \$15.9 MILLION AND ON \$400/100 RATE, \$19.2 MILLION, ACCORDING TO DAVIDSON.

5. DAVIDSON SAID HE HAD HEARD RUMORS THAT SOME LDCS WERE TAKING POSITION THAT ANY INCREASE IN COST OF FORCE OVER ORIGINAL \$60 MILLION WOULD HAVE TO BE MET BY FIVE PERMANENT MEMBERS OF SECURITY COUNCIL AND DEVELOPED COUNTRIES SINCE ASSESSMENTS SCALE FOR UNEF APPLIES ONLY TO FIRST YEAR. MISOFF REPLIED THAT HE HAD PICKED UP SIMILAR INFO IN CORRIDORS. DAVIDSON COMMENTED FURTHER THAT THIS POSITION WAS IRRESPONSIBLE, DETRIMENTAL TO UN AND HARMFUL TO UNEF/UNDOF. HE ADDED THAT EVEN WITH ADDITIONAL \$26 MILLION, MINIMUM ASSESSMENT BASED ON PRESENT SCALE OF \$1200 PER YEAR WOULD BE INCREASED TO NOT MORE THAN \$1700 PER YEAR, CONFIDENTIAL

CONFIDENTIAL

PAGE 04 USUN N 03429 01 OF 02 260357Z

WHICH IS "PEANUTS." HE COMPARED THEIR PRESENT "ABSURD" LOW FIGURE OF \$1200 PER YEAR WITH \$17.4 MILLION ASSESSMENT OF US AND SAID HE WAS PERSONALLY "DISGUSTED" AT ATTITUDE OF SOME OF TROOP CONTRIBUTORS WHO WERE TRYING TO MILK UN AND PLACE UNDUE BURDEN ON OTHER MEMBERS.

6. DAVIDSON SAID WHATEVER REIMBURSEMENT RATE AGREED TO FOR UNEF/UNDOF WOULD APPLY ACROSS-THE-BOARD FOR FUTURE PEACEKEEPING OPERATIONS BUT SYG WOULD NOT SAY THIS PUBLICLY. HE DID NOT EXPECT THIS TO APPLY TO UNFICYP IMMEDIATELY. DAVIDSON'S TENTATIVE THINKING IS TO PRESENT REIMBURSEMENT FORMULA AND SUPPLEMENTAL BUDGET REQUEST TO FIFTH COMMITTEE WEEK OF OCTOBER 14 AND TO ACABQ WEEK PRECEDING. HE BELIEVES IT NECESSARY TO GET FIFTH COMMITTEE AND GENERAL ASSEMBLY ACTION PRIOR TO OCTOBER 24 WHEN PRESENT UNDOF MANDATE RUNS

OUT, AND HOPES THAT FIFTH COMMITTEE COULD ACT BEFORE SECURITY COUNCIL MEETS TO CONSIDER RENEWAL OF MANDATE. WHEN ASKED BY DAVIDSON FOR REACTION TO SYG'S POSITION, MISOFF REITERATED OUR CONCERN THAT NO MEMBER MAKE PROFIT ON UN, COSTS BE HELD TO MINIMUM, ETC., BUT ADDED THAT PERSONALLY HE FELT REIMBURSEMENT RATE OF \$350/400 MIGHT BE ACCEPTABLE TO US. DAVIDSON SAID SYG WAS "ANXIOUS" TO OBTAIN USG VIEWS. SPEAKING PERSONALLY, DAVIDSON SAID THAT IF SOME MEMBERS WANT TO CHANGE PRESENT ASSESSMENT FORMULA AND PASS BURDEN ON TO FIVE PERMANENT MEMBERS AND DEVELOPED COUNTRIES, ONE WAY OF CHECKMATING THIS MIGHT BE FOR US TO AGREE TO \$500 FLAT REIMBURSEMENT RATE PROVIDED RPT PROVIDED THAT CURRENT ASSESSMENT SCALE BE CONTINUED FOR ANOTHER YEAR IF SC CONTINUES FORCE. BY SO DOING, BOYD, WHO IS SPOKESMAN FOR AND LED CHARGE OF LDCS FOR \$500 RATE, WOULD BE EXPECTED TO DELIVER NECESSARY VOTES TO MAINTAIN PRESENT SCALE. DAVIDSON ADDED THAT FINNS WERE BEING EXTREMELY DIFFICULT; CANADIANS WERE OPENMINDED PROVIDED THAT WHATEVER RATE IS AGREED TO (LOW RATHER THAN HIGH) IT WOULD BE PAID TO THEM AS WELL. DAVIDSON EXPECTED STRONGEST OPPOSITION TO SYG PROPOSED RATE TO COME FROM UK, FRANCE, US AND USSR (IN THAT ORDER); HOWEVER, DAVIDSON THOUGHT POSITION OF SOVIETS WAS TEMPERED BY POLES WHO SEEK HIGH RATE. HE ADDED THAT REACTION OF MISOFF WAS LESS NEGATIVE THAN HE HAD ANTICIPATED.

CONFIDENTIAL

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PAGE 01 USUN N 03429 02 OF 02 260306Z

12

ACTION IO-14

INFO OCT-01 ISO-00 ABF-01 OMB-01 TRSE-00 AID-20 AF-10

ARA-16 EA-11 EUR-25 NEA-14 RSC-01 CIAE-00 DODE-00

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C O N F I D E N T I A L SECTION 2 OF 2 USUN 3429

7. COMMENT: IT IS APPARENT THAT IF LDCS AND OTHERS LOBBY ACTIVELY FOR REIMBURSEMENT RATE OF \$500, THEY WILL GET THEIR WAY AND SYG WILL BE REBUFFED, ASSUMING HE HOLDS TO HIS PRESENT POSITION AS STATED BY DAVIDSON. WE CONTINUE TO HAVE STRONG RESERVATIONS ABOUT \$500 RATE AND ARE PARTICULARLY CONCERNED THAT SOME MEMBERS MIGHT REOPEN PRESENT SCALE OF ASSESSMENTS AND PRESS FOR CHANGE IN FORMULA UNFAVORABLE TO US. OUR ASSESSMENT IS THAT SOME LDCS WILL PRESS HARD TO CHANGE SCALE AND WE WILL HAVE DIFFICULTY IN MUSTERING NECESSARY VOTES TO BLOCK IT. POSITION SOVIETS MIGHT TAKE ON THIS QUESTION IS UCERTAIN SINCE ON ONE HAND WE EXPECT THEM TO OPT FOR LOWEST POSSIBLE COSTS, BUT AT SAME TIME THEY ARE LIKELY TO SEEK CHANGE IN PRESENT SCALE IF ONLY TO MOVE POLES AND OTHER EES TO LOWER CATEGORY.

8. ON SYG'S INSTRUCTIONS DAVIDSON REASSURED MISOFF HE WOULD CONSULT IN FUTURE WITH USUN "EVERY STEP OF THE WAY."

9. ACTION REQUESTED: MISSION WOULD APPRECIATE SOONEST DEPT'S VIEWS IN PARTICULAR ON SUGGESTIONS ON HOW WE MIGHT DEAL WITH DUAL QUESTION OF REIMBURSEMENT RATE AND MAINTENANCE OF PRESENT UNEF ASSESSMENT SCALE. WE ARE AT PRESENT INCLINED TO TRY TO FIGHT FOR SYG REIMBURSEMENT  
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PAGE 02 USUN N 03429 02 OF 02 260306Z

FORMULA AND TO OPPOSE ANY CHANGE IN ASSESSMENT SCALE EVEN IF WE ARE IN DANGER OF LOSING ON BOTH ISSUES. BENNETT

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